

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

In re:

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Chapter 11 Case No.

**Lehman Brothers Holdings Inc., et al.,**

08-13555

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Debtors.

**POST-SIXTH DISTRIBUTION CASH FLOW ESTIMATES**

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REPORT PREPARER: LEHMAN BROTHERS HOLDINGS INC., AS PLAN ADMINISTRATOR

Date: January 30, 2015

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## ***QUESTIONS***

The Company has established an email address to receive questions from readers regarding this presentation and its other financial disclosures. The Company plans to review questions received, and for those subjects which the Company determines a response would not (i) violate a confidentiality provision, (ii) place the Company in a competitive or negotiation disadvantage, or (iii) be unduly burdensome relative to the value of information requested, the Company shall endeavor to post responses (maintaining the anonymity of the questions' origination). The Company assumes no obligation to respond to email inquiries.

Please email questions, with document references as needed, to:

**QUESTIONS@lehmanholdings.com**

The Company's posted responses were last updated on October 31, 2014, and can be found on the Epiq website maintained for the Company:

**www.lehman-docket.com** under Key Documents, Responses to Questions Submitted

**Post-Sixth Distribution Cash Flow Estimates****I. Schedule of Debtors**

The following entities (the “Debtors”) filed for bankruptcy in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) on the dates indicated below. On December 6, 2011, the Bankruptcy Court confirmed the Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and its Affiliated Debtors (the “Plan”). On March 6, 2012, the “Effective Date” (as defined in the Plan) occurred. The Debtors’ Chapter 11 cases remain open as of the date hereof.

	<b>Case No.</b>	<b>Date Filed</b>
Lehman Brothers Holdings Inc. (“LBHI”)	08-13555	9/15/2008
LB 745 LLC	08-13600	9/16/2008
PAMI Statler Arms LLC	08-13664	9/23/2008
Lehman Brothers Commodity Services Inc. (“LBCS”)	08-13885	10/3/2008
Lehman Brothers Special Financing Inc. (“LBSF”)	08-13888	10/3/2008
Lehman Brothers OTC Derivatives Inc. (“OTC”)	08-13893	10/3/2008
Lehman Brothers Derivative Products Inc. (“LBDP”)	08-13899	10/5/2008
Lehman Commercial Paper Inc. (“LCPI”)	08-13900	10/5/2008
Lehman Brothers Commercial Corporation (“LBCC”)	08-13901	10/5/2008
Lehman Brothers Financial Products Inc. (“LBFP”)	08-13902	10/5/2008
Lehman Scottish Finance L.P.	08-13904	10/5/2008
CES Aviation LLC	08-13905	10/5/2008
CES Aviation V LLC	08-13906	10/5/2008
CES Aviation IX LLC	08-13907	10/5/2008
East Dover Limited	08-13908	10/5/2008
Luxembourg Residential Properties Loan Finance S.a.r.l (“Lux Resi”)	09-10108	1/7/2009
BNC Mortgage LLC	09-10137	1/9/2009
LB Rose Ranch LLC	09-10560	2/9/2009
Structured Asset Securities Corporation	09-10558	2/9/2009
LB 2080 Kalakaua Owners LLC	09-12516	4/23/2009
Merit LLC (“Merit”)	09-17331	12/14/2009
LB Somerset LLC (“LBS”)	09-17503	12/22/2009
LB Preferred Somerset LLC (“LBPS”)	09-17505	12/22/2009

**Post-Sixth Distribution Cash Flow Estimates**

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## **II. Introductory Notes**

The information and data included in these cash flow estimates and notes thereto (the “Post-D6 Cash Flow Estimates”) include estimates derived from sources available to LBHI and its Controlled Entities (collectively, the “Company”). The term “Controlled Entities” refers to those entities that are directly or indirectly controlled by LBHI and excludes, among others, those entities that are under separate administrations in the United States or abroad. A “Debtor-Controlled Entity” is a non-Debtor affiliate of the Debtors that is managed and controlled by a Debtor.

The Post-D6 Cash Flow Estimates were prepared to update the 2014+ Cash Flow Estimates, filed July 31, 2014 (the “2014+ CFE”). In preparing these Post-D6 Cash Flow Estimates, the Company made various estimates and assumptions based on information available to the Company. As such, this report contains forward-looking statements that involve known and unknown risks, uncertainties and other factors which may cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements.

All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including all statements containing information regarding the intent, belief or current expectation of the Company and members of its management. Readers of this report should not place undue reliance on these forward-looking statements.

The reader should read this report and the documents referenced herein (in particular the Balance Sheets as of October 2, 2014 and Accompanying Schedules filed January 30, 2015 (the “October 2014 Balance Sheets”)) with the understanding that as more information becomes available to the Company, any forward-looking statements may change, potentially in a material respect.

In addition, material uncertainties continue to exist regarding the ultimate value realizable from the Company’s assets, the timing of asset recoveries, future costs, and the eventual level of allowed creditors’ claims. These uncertainties may have a significant effect on the timing and amount of any future distributions to creditors. Accordingly, readers should not rely upon this report as the sole basis of an estimate of claim value, or as a complete description of the Company, its business, condition (financial or otherwise), results of operations, prospects, assets or liabilities.

## Post-Sixth Distribution Cash Flow Estimates

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### III. Basis of Presentation

The Post-D6 Cash Flow Estimates are based on estimated cash flows from assets managed in an orderly wind down and/or sale (and related costs of operations) over the period from October 3, 2014 through December 31, 2018 (the “Estimate Period” or “Post-D6”). (Refer to the Section VIII herein for information regarding cash activity during the period from April 6, 2014 through October 2, 2014.) As the Company cannot definitively specify a date for the final termination of activities, these Post-D6 Cash Flow Estimates include an estimate for potential residual activities (remaining asset dispositions, disputed claims resolution, outstanding litigations, and administrative wind-down) that may extend beyond 2018.

All cash flows in the Estimate Period are presented on an undiscounted basis.

The Company may realize cash flows from certain assets in advance of the timing assumed in the Post-D6 Cash Flow Estimates, either opportunistically as in the case of an early sale or strategic transaction, or as a function of factors out of the Company’s control, as in the case of loan refinancings. Such earlier monetization of assets may result in an acceleration of funds available for distributions to creditors, a change in total nominal cash flows estimated during the Estimate Period (e.g., forgone interest or dividends, or simply achieving a different value), and mitigation of the risk of a longer holding period. Alternatively, the Company may realize cash flows from certain assets later than the timing reflected in the Post-D6 Cash Flow Estimates, and possibly at higher or lower values.

Certain classifications utilized in the Post-D6 Cash Flow Estimates differ from prior report classifications; accordingly, amounts may not be comparable. For purposes of comparing the Post-D6 Cash Flow Estimates to the 2014+ CFE, certain adjustments have been made and are discussed herein.

### Key Assumptions

#### *Litigation*

For litigation actions which may result in a potential recovery to the Company (“Affirmative Litigations”), the largest of which are listed and described in the “Legal Proceedings” section of the Company’s quarterly balance sheet disclosures, the Post-D6 Cash Flow Estimates **exclude** estimated recoveries unless one of the following conditions are met:

- (i) The Company has reached agreements in principle with the corresponding counterparties, in which case the Post-D6 Cash Flow Estimates reflect estimated recoveries at the agreed amounts, or
- (ii) The Company has locked in value by purchasing notes of various special purpose vehicles, in which case the Post-D6 Cash Flow Estimates reflect estimated recoveries from the value locked in.

The Company expects that the actual amounts of future recoveries related to Affirmative Litigations will be material; however, the final outcomes are contingent on a number of factors outside of the Company’s direct control and are thus highly uncertain.

Although potential litigation receipts are excluded herein, the Post-D6 Cash Flow Estimates *do* include the estimated costs (*i.e.* professional legal and advisory fees) of supporting such litigations.

## Post-Sixth Distribution Cash Flow Estimates

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### **Key Assumptions (continued)**

#### ***Recoveries from Non-Controlled Affiliates***

Estimates of recoveries from Non-Controlled Affiliates are based on internal valuation models utilizing information obtained from both Non-Controlled Affiliates' fiduciaries, as well as information obtained by the Company through settlement negotiations, involvement on creditors' committees and ongoing cooperative exchanges.

Consistent with prior disclosures, estimates of timing of recoveries from Non-Controlled Affiliates have not been provided in the Post-D6 Cash Flow Estimates.

In some cases, the Company's payments to Non-Controlled Affiliates are part of the resources used by such Non-Controlled Affiliates to pay their own obligations, including obligations payable to the Company. Examples of such Non-Controlled Affiliates include Lehman Brothers Treasury Co. B.V. ("LBT"), Lehman Brothers Securities NV ("LBS"), and LB UK Financing Limited ("UK Financing").

For cases in which the Company has offsetting or partially offsetting payables to and receivables from certain Non-Controlled Affiliates, the Company has pursued and will continue to pursue offsetting arrangements with such Non-Controlled Affiliates to accelerate the distribution of cash to third-party creditors. For consistency and comparability of reporting, the Post-D6 Cash Flow Estimates reflect the full estimated recoveries from such Non-Controlled Affiliates prior to any offsetting arrangements. Refer to the October 2014 Balance Sheets for further information on existing offsetting arrangements with LBT, LBS and UK Financing.

Certain receivables from Non-Controlled Affiliates are held in foreign currencies, and as such, estimated recoveries related to these receivables are subject to movements in foreign exchange rates. A portion of these exposures are hedged through the Company's currency hedging program (see "Hedging").

For further discussion of assumptions related to estimated Recoveries from Non-Controlled Affiliates, refer to the Overview of the Post-D6 Cash Flow Estimates section herein.

#### ***Non-Operating Disbursements***

The Company expects that various assets will require additional investments and expenses to either preserve the value of the assets for the Company (e.g., to fund capital calls and support or improve real estate assets) and for certain other expenses (e.g. property taxes, transfer taxes) related to the sales of specific assets. These investments and expenses are presented herein as Non-Operating Disbursements.

#### ***Hedging***

Certain entities conduct hedging programs (i) to protect against the loss of value from fluctuations in foreign exchange rates in receivables from certain foreign affiliates, real estate, derivatives, and commercial loans, and (ii) protect the value of certain derivatives transactions that have not been terminated by counterparties. As of October 2, 2014, the Company's currency hedging program included hedges against movements in the Euro, British pound, Swiss franc, and Japanese yen, primarily related to certain foreign currency exposures in Receivables from Non-Controlled Affiliates.

The Post-D6 Cash Flow Estimates include estimates for timing of recovery of amounts posted as of October 2, 2014 as collateral on hedging positions for Derivatives hedging activities (\$32 million) and the Company's foreign currency hedging program (\$97 million). These estimates are included in "Derivatives" and "Other," respectively.

The Post-D6 Cash Flow Estimates do not include estimates for disbursements for future hedging activity.

**Post-Sixth Distribution Cash Flow Estimates**

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**Key Assumptions (continued)**

***Claims and Distributions***

The Post-D6 Cash Flow Estimates are presented before deducting estimates of:

- (i) future payments made by Debtors for secured, priority (including tax claims), administrative, general unsecured claims, some of which are disputed, and post-petition interest, and
- (ii) future payments made by Debtor-Controlled Entities on liabilities to Non-Controlled Affiliates and third parties.

***Intercompany Recoveries Among Controlled Entities***

The Post-D6 Cash Flow Estimates include estimated intercompany recoveries between and among Debtors and Debtor-Controlled Entities, including:

- (i) receipts on pre-petition intercompany claims,
- (ii) equity distributions, and
- (iii) receipts and payments related to post-petition activity.

The Post-D6 Cash Flow Estimates reflect the following assumptions in the calculation of intercompany recoveries between and among Debtors and Debtor-Controlled Entities:

- Cash balances as of October 2, 2014 (refer to the Cash Reconciliation in Section VIII herein);
- Allowed Claims as of October 2, 2014, and estimated unresolved third party claims to be allowed;
- An estimate of the allocation of taxes between and among Controlled Entities in accordance with the Debtor Allocation Agreement (refer to the October 2014 Balance Sheets for further details);
- Estimates for post-petition interest and equity distributions from Debtors whose post-petition rates have not been determined have been **excluded** from Intercompany Recoveries; and
- Estimates on Subrogated Receivables from Affiliates and Third Parties as described in the October 2014 Balance Sheets have been **excluded** from Intercompany Recoveries.

## Post-Sixth Distribution Cash Flow Estimates

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### Presentation Differences

#### **2014+ CFE**

The Post-D6 Cash Flow Estimates differ from the 2014+ CFE generally as follows:

- (i) as a result of changes to estimates,
- (ii) as a matter of presentation whereby certain estimates are classified differently from the 2014+ CFE, but there is no resulting economic effect on the overall recoveries to the applicable legal entity. These adjustments are generally due to the assignment of claims and the transfers of certain assets among asset portfolios and legal entities for management and reporting purposes prior to the Estimate Period. Adjustments related to presentation differences are referenced, where applicable, in Section VIII, Analysis of the Post-D6 Cash Flow Estimates by Debtor.

#### **Balance Sheets**

The presentation of estimates of asset monetizations in the Post-D6 Cash Flow Estimates differs from the asset values reflected in the October 2014 Balance Sheets primarily with respect to open receivables, which primarily relate to residual amounts due to a Debtor or Debtor-Controlled Entity as a result of an asset monetization. Estimated recoveries related to open receivables are included in the Post-D6 Cash Flow Estimates herein within the asset portfolio which generated the receivable, while such receivables are included in Other Assets in the October 2014 Balance Sheets.

#### ***Operating Report - Schedule of Cash Receipts and Disbursements***

Amounts presented in the Post-D6 Cash Flow Estimates, including actual results in the Prior Period, may differ from the presentation of cash flows in the Company's Post-Effective Operating Report - Schedule of Cash Receipts and Disbursements ("Cash Operating Report"), primarily as a matter of presentation, whereby certain amounts are classified differently from the presentation herein.

For example, LBHI collects cash on behalf of other Debtors and Debtor-Controlled Entities which do not maintain separate bank accounts. In such cases, the Cash Operating Reports reflect these cash collections at LBHI, whereas the Post-D6 Cash Flow Estimates reflect these cash collections at the entity on whose books the related assets are reported in the October 2014 Balance Sheets.

In addition, solely for purposes of the presentation of these Cash Flow Estimates, expenses related to incentive fees for the LBHI Board of Directors are recognized upon transfer to the trust (see Docket No. 44924 for further details). In the Cash Operating Reports, these incentive fees are treated as transfers to restricted cash until paid.

#### ***Disclosure Statement***

The presentation of the Post-D6 Cash Flow Estimates differs from the presentation of the "Cash Flow Estimates Through 2014" as reported in Exhibit 7 to the Disclosure Statement of the Plan ("DS Exhibit 7"). Refer to the 2012+ Cash Flow Estimates filed July 25, 2012 (the "2012+ CFE") for further discussion of these presentation differences.

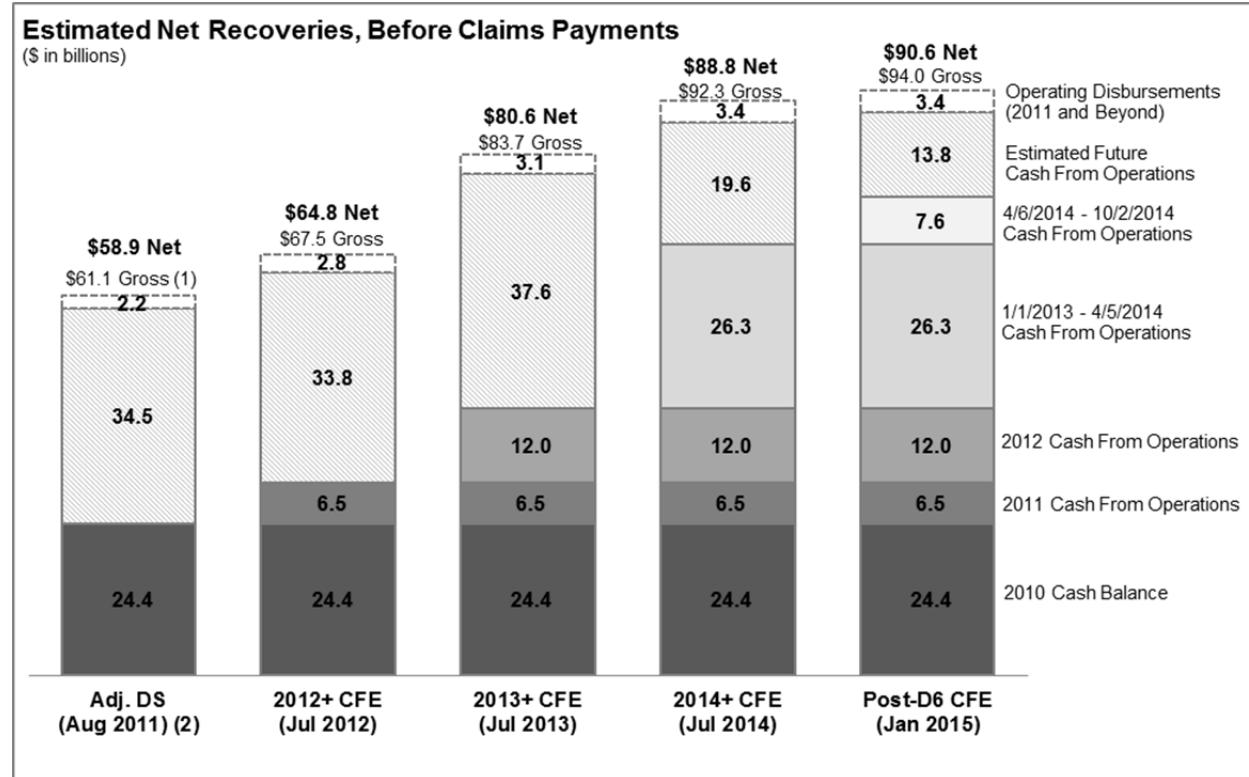
**Post-Sixth Distribution Cash Flow Estimates**

## IV. Highlights

### Estimated Recoveries

Total estimates of aggregate gross recoveries, before operating disbursements and payments in satisfaction of secured, priority, administrative and unsecured claims of Debtors and liabilities of Debtor-Controlled Entities, increased by \$1.7 billion to \$94.0 billion in the Post-D6 Cash Flow Estimates as compared to \$92.3 billion in the 2014+ CFE. Net of operating disbursements, total estimated net recoveries increased by \$1.8 billion to \$90.6 billion in the Post-D6 Cash Flow Estimates as compared to \$88.8 billion in the 2014+ CFE. This increase was driven by:

- Recent settlement agreements with holders of claims against Lehman Brothers Bankhaus A.G. (“Bankhaus”) and LBHI relating to LBHI’s guarantee of Bankhaus’ obligations (“Bankhaus Creditors”), which, among various other terms, provided for the assignment to LBHI of Bankhaus Creditors’ insolvency claims once such claims are fully satisfied through a combination of distributions from Bankhaus and LBHI; and
- Positive execution results and increases in estimates in Commercial Real Estate, Loans, Private Equity / Principal Investments and Derivatives.



(1) Refer to the “Responses to Questions Received From Creditors” posted to [www.lehman-docket.com](http://www.lehman-docket.com) on October 30, 2014, for a reconciliation of these figures.

(2) Estimates included in DS Exhibit 7, adjusted for certain Presentation Adjustments (refer to the 2012+ CFE for further information).

## Post-Sixth Distribution Cash Flow Estimates

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### Claims Resolution

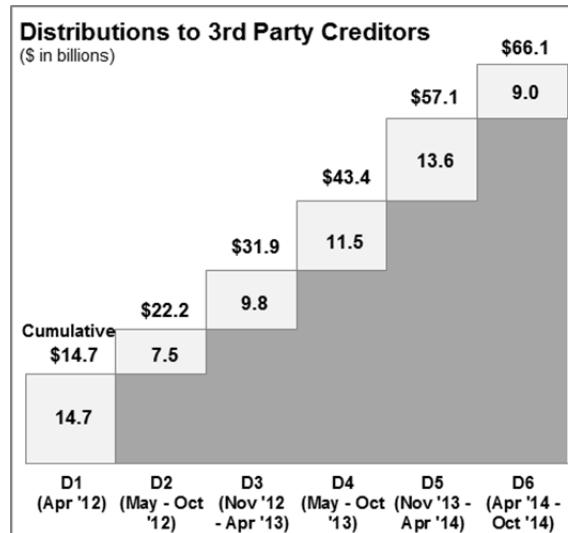
As of October 2, 2014, the Company estimated that total claims to be allowed at the end of the case will be \$339 billion, compared to \$369 billion estimated in the Plan (as adjusted in subsequent Plan Supplement disclosures) and \$341 billion estimated in the 2014+ CFE (as of March 31, 2014). The \$2 billion reduction since the 2014+ CFE was primarily driven by:

- (i) Reductions of Other Direct Claims of approximately \$0.9 billion; and
- (ii) Reductions of Third Party Guarantee Claims of approximately \$0.8 billion, largely as a result of reductions in Derivative and Non-Derivative Guarantees, including the settlement with the Canary Wharf claimants (see Docket No. 46461 for further details).

The Company estimated the liability for claims that have yet to be allowed to be approximately \$23.2 billion as of October 2, 2014 (including approximately \$6.9 billion of LBHI guarantees to creditors of Lehman Brothers International (Europe) (“LBIE”)). (Refer to the October 2014 Balance Sheets for more information)

### Distributions

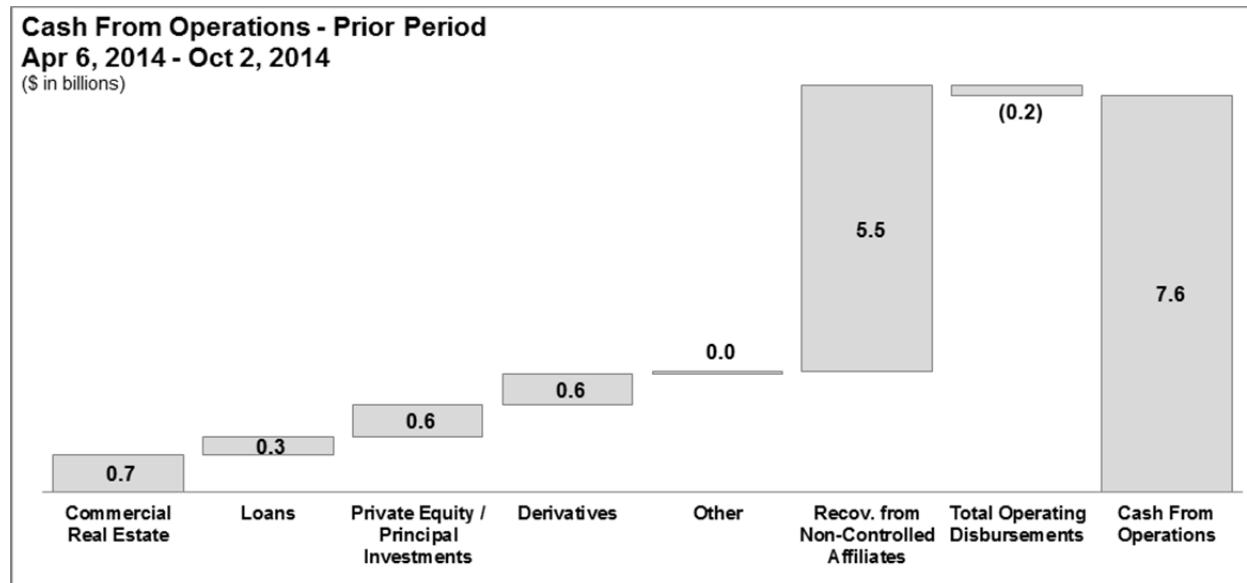
Pursuant to the Plan, the Company has made and expects to continue to make semi-annual distributions to creditors of available cash. To date, the Company has made payments of \$66.1 billion on account of third party claims, including payments up to and including the sixth distribution to third party creditors of \$9.0 billion (“D6”).



**Post-Sixth Distribution Cash Flow Estimates****V. Overview of Cash Activity –April 6 – October 2, 2014****Cash From Operations**

Cash From Operations (“CFO”) for the period beginning April 6, 2014 through October 2, 2014, and which includes the Company’s sixth distribution to unsecured creditors on October 2, 2014 (the period between April 6, 2014 through D6 is herein referred to as the “Prior Period”) was \$7.6 billion, derived from \$2.3 billion in asset monetization activities and \$5.5 billion in recoveries from Non-Controlled Affiliates, partially offset by \$0.2 billion in Operating Disbursements.

Key contributors to CFO for the Prior Period are discussed in more detail below. For further details, refer to the quarterly Balance Sheets and monthly Post-Effective Operating Reports.



**Post-Sixth Distribution Cash Flow Estimates**

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**Cash From Operations (continued)**

***Commercial Real Estate***

\$0.7 billion of Net Receipts reflects \$0.8 billion of gross receipts primarily from the sale of land and European Hotels, offset by \$40 million of Non-Operating Disbursements, primarily related to the entitlement and carry costs associated with land assets on the West Coast as well as a litigation settlement payment made on a US commercial real estate asset.

Significant monetization activity included:

- \$286 million from the sale of two West coast land assets, Marblehead and Oak Knoll;
- \$84 million from the sale of debt and equity positions in New Day, a portfolio of European hotels; and
- \$81 million from the payoff of a loan related to the sale of a European hotel.

***Loans (Corporate & Residential)***

\$0.3 billion of Net Receipts reflects \$0.4 billion of gross receipts from loan sales and pay downs, offset by \$24 million of Non-Operating Disbursements, primarily for the exercise of warrants with subsequent monetization of the purchased assets.

Significant monetization activity included:

- \$176 million related to the repayment of Endemol debt instruments; and
- \$69 million from the sale of Houghton Mifflin Harcourt common stock.

***Private Equity / Principal Investments***

\$0.6 billion of Net Receipts reflects \$0.8 billion of gross receipts from sales of investments and distributions from funds, offset by \$151 million of Non-Operating Disbursements, primarily related to the Company's pro rata investment in First Data Corp.'s \$3.5 billion common equity private placement.

Significant monetization activity included:

- \$432 million from the sale of and distributions from a portfolio of general partnership and limited partnership interests in private equity and hedge funds; and
- \$144 million related to the dividend from Formula One.

***Derivatives***

\$0.6 billion of Net Receipts reflects collections from settlements with various counterparties, more than half of which related to various SPV matters.

**Post-Sixth Distribution Cash Flow Estimates**

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**Cash From Operations (continued)**

***Recoveries from Non-Controlled Affiliates***

\$5.5 billion of Net Receipts includes the following significant collection activity:

Receipts related to Lehman Brothers Inc. (“LBI”):

- Receipt of approximately \$1.2 billion from LBI’s first distribution to creditors;
- Receipt of \$240 million from LBI for a priority claim related to certain tax-related disputes;
- Receipt of approximately \$619 million from the sale of approximately \$2.5 billion face amount of the Company’s general unsecured claims (“GUC”) against LBI through a publicly announced Dutch auction process;

Receipts from Asian Affiliates:

- Receipt of approximately \$1.2 billion from Lehman Brothers Asia Holdings (“LBAH”);
- Receipt of approximately \$158 million from Lehman Brothers Commercial Corp. Asia Ltd.

Receipts from UK Affiliates:

- Receipt of approximately \$700 million of reserves held at the affected UK entities as a result of an agreement among various Non-Controlled and LBHI-administered entities in relation to the deficit in the UK Lehman Brothers Pension scheme;
- Approximately \$150 million from various UK Non-Controlled Affiliates;
- Receipt of approximately \$693 million on allowed claims against LBT, LBS and UK Financing. LBHI entered into Distribution Agreements with LBT, LBS and UK Financing, pursuant to which LBHI netted receivables due from LBT, LBS and UK Financing against distributions due to LBT, LBS and UK Financing on their allowed claims against LBHI.

***Operating Disbursements***

\$0.2 billion of operating disbursements is comprised of:

- Professional Fees of \$88 million, of which 65% was related to litigation and claims mitigation activities;
- Compensation and Benefits of \$43 million, which includes approximately \$15 million related to Alvarez & Marsal North America, LLC (“A&M”) for certain staff resources;
- Incentive fees of \$21 million to A&M and Houlihan Lokey Howard & Zukin Capital, Inc. (“HLHZ”);
- Outsourced Services and IT expenses of \$19 million; and
- Other administrative expenses of \$10 million.

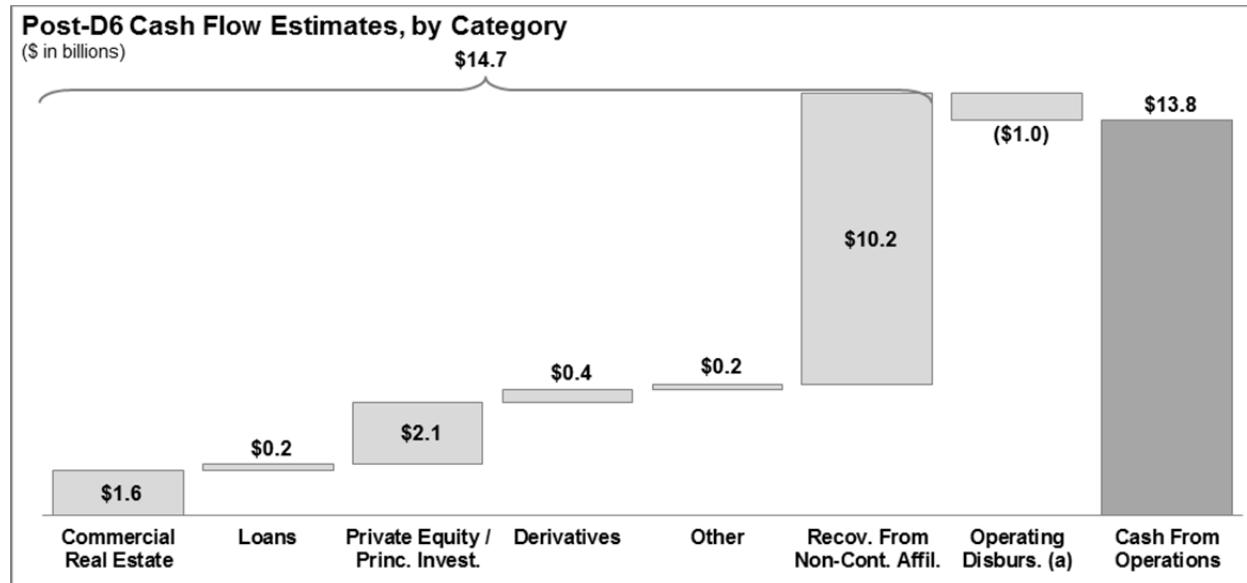
**Post-Sixth Distribution Cash Flow Estimates**

## VI. Overview of the Post-D6 Cash Flow Estimates

The Company estimates that \$13.8 billion of Cash From Operations will be generated during the Estimate Period. As illustrated below, the bulk of future estimated cash flows are anticipated to be collected as recoveries from Non-Controlled Affiliates, and the majority of recoveries from remaining asset monetization activities are anticipated to be collected in 2014 and 2015.

### **Summary**

<b>Post-D6 Cash Flow Estimates</b>				
<i>(\$ in millions)</i>	<b>Oct-Dec 2014</b>	<b>2015</b>	<b>2016 - 2018+</b>	<b>Total</b>
Net Receipts	640	2,967	929	4,537
Operating Disbursements (a)	(135)	(380)	(445)	(960)
Recoveries from Non-Controlled Affiliates				10,200
<b>Total Cash From Operations (CFO)</b>				<b>13,777</b>



- (a) Estimated Operating Disbursements include estimated costs related to (i) Affirmative Litigations, the potential recoveries from which are **excluded** from estimated Net Receipts, and (ii) Recoveries from Non-Controlled Affiliates, the timing of which are not provided herein.

**Post-Sixth Distribution Cash Flow Estimates****Net Receipts**

The Company estimates that Post-D6 Net Receipts (excluding Recoveries from Non-Controlled Affiliates) will be \$4.5 billion during the Estimate Period. The sections below provide a more detailed analysis of estimated cash flows by category.

Refer to the Accompanying Schedules within the October 2014 Balance Sheets for further breakdown for financial inventory by category.

**Net Receipts**

(\$ in millions)	<b>Post-D6 Cash Flow Estimates</b>			
	<b>Oct-Dec 2014</b>	<b>2015</b>	<b>2016 - 2018+</b>	<b>Total</b>
Commercial Real Estate	150	1,282	124	1,556
Loans (Corporate & Residential)	23	183	33	239
Private Equity / Principal Investments	383	1,043	705	2,130
Derivatives	83	348	14	446
Other	1	111	54	167
<b>Total - Net Receipts</b>	<b>640</b>	<b>2,967</b>	<b>929</b>	<b>4,537</b>

**Commercial Real Estate**

Commercial Real Estate (“CRE”) includes whole loans, real estate owned properties, joint venture equity interests in commercial properties, and other real estate-related investments.

The Company estimates that it will collect \$1.6 billion in Net Receipts from CRE monetization activity during the Estimate Period.

The estimated recoveries from October 2014 through December 2015 primarily consist of monetization activities related to (i) hospitality properties for which property improvement programs have been completed, (ii) land for which the Company anticipates obtaining necessary entitlements, and (iii) European commercial properties.

Approximately \$124 million of recoveries, net of anticipated non-operating disbursements, are estimated to remain post-2015. These post-2015 recoveries include: (i) commercial properties undergoing redevelopment requiring more time for lease-up prior to sale, (ii) receipts from structured settlements agreed in prior years, (iii) passive investments in which the Company has limited control, and (iv) land for which the Company anticipates obtaining necessary entitlements.

**Loans (Corporate and Residential)**

Corporate Loans primarily consist of commercial term loans and corporate debt and equity securities. Residential Real Estate Loans primarily includes residential mortgage-backed securities. The Company’s estimated Net Receipts from these assets include proceeds from the sale of commercial term loans, equity positions and residential mortgage-backed securities.

## Post-Sixth Distribution Cash Flow Estimates

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### **Net Receipts (continued)**

#### ***Private Equity / Principal Investments***

Private Equity / Principal Investments (“PE/PI”) include equity and fixed-income direct investments in companies and general partner and limited partner interests (“GP/LP positions”) in investment fund vehicles (including private equity) and in related funds.

The Company estimates that it will collect \$2.1 billion from PE/PI monetization activity during the Estimate Period. This estimate includes:

- \$1.4 billion of receipts from the management and monetization of direct investments; and
- \$0.7 billion of proceeds from the sales of and distributions related to GP/LP positions.

The collections in 2016+ consist of proceeds from the sale of certain remaining direct assets as well as distributions related to private equity limited partnership interests.

#### ***Derivatives***

Derivatives recoveries, excluding Affirmative Litigations as described below, represent amounts estimated to be collected from matured, terminated and open trades, net of cash and securities collateral. The Company’s estimated recovery amounts with respect to derivative contracts are determined using various models, data sources, and certain assumptions regarding contract provisions.

For Affirmative Litigations, the Post-D6 Cash Flow Estimates **exclude** estimated recoveries unless one of the following conditions are met:

- (i) The Company has reached agreements in principle with the corresponding counterparties, in which case the Post-D6 Cash Flow Estimates reflect estimated recoveries at the agreed amounts, or
- (ii) The Company has locked in value by purchasing notes of various special purpose vehicles, in which case the Post-D6 Cash Flow estimates reflect estimated recoveries from the value locked in.

The Company estimates that it will collect \$0.4 billion from Derivatives activity during the Estimate Period.

The Post-D6 Cash Flow Estimates include the return of \$32 million of cash collateral posted with third-party brokers as of October 2, 2014 in support of hedging transactions, net of estimated gains or losses.

#### ***Other***

“Other” in the Post-D6 Cash Flow Estimates primarily includes (i) interest income collected on Treasury investments (net of purchased interest), and (ii) recoupment of cash of \$97 million posted for foreign currency hedging transactions.

Aurora Commercial Corp. (“Aurora”) and its subsidiaries are party to various litigation matters, primarily matters asserting claims against it arising out of its mortgage origination and servicing operations. As such, estimated potential recoveries related to LBHI’s investment in Aurora are excluded from the Post-D6 Cash Flow Estimates.

## Post-Sixth Distribution Cash Flow Estimates

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### **Recoveries from Non-Controlled Affiliates**

The Company estimates that Post-D6 Recoveries from Non-Controlled Affiliates will be \$10.2 billion during the Estimate Period.

Recoveries from Non-Controlled Affiliates represent estimated recoveries on intercompany claims against affiliates of the Company that were not managed or controlled by a Debtor as of the Effective Date, including all affiliates that are subject to separate proceedings in the U.S. or abroad.

Estimates of recoveries from Non-Controlled Affiliates are subject to substantial timing uncertainties. As such, consistent with prior disclosures, the Company has estimated totals for such recoveries in the Post-D6 Cash Flow Estimates, but does not provide estimated timing of these recoveries.

Estimates of recoveries from Non-Controlled Affiliates, with the exception of LBI-related recoveries as discussed below, are based on information obtained from both Non-Controlled Affiliates' fiduciaries, which have in many cases changed their own estimates, as well as information obtained by the Company through settlement negotiations, involvement on creditors' committees and ongoing cooperative exchanges. Actual recoveries from Non-Controlled Affiliates may vary materially from estimates included herein.

In some cases, the Company's payments of obligations to Non-Controlled Affiliates are part of the resources used by such Non-Controlled Affiliates to pay their own obligations, including obligations payable to the Company.

For cases in which the Company has offsetting or partially offsetting payables to and receivables from certain Non-Controlled Affiliates, the Company has pursued and will continue to pursue offsetting arrangements with such Non-Controlled Affiliates to accelerate the distribution of cash to third party creditors. As of October 2, 2014, the Company had offsetting arrangements in place with LBT, LBS and UK Financing (refer to the October 2014 Balance Sheets for further information). For consistency and comparability of reporting, the Post-D6 Cash Flow Estimates reflect the full estimated recoveries from such Non-Controlled Affiliates prior to any offsetting arrangements.

Strictly for purposes of this presentation of the Company's Post-D6 Cash Flow Estimates:

- On November 25, 2014, 99.5% of the Bankhaus Creditors agreed to the Harmonizing Resolution. As a result, LBHI entered into and continues to enter into separate bilateral agreements with Bankhaus Creditors pursuant to which Bankhaus Creditors consented to, among other things, the resolution of the conflicting insolvency law issues regarding the treatment of allowed claims in the Bankhaus insolvency proceedings. The Bankhaus Creditors agreed to assign to LBHI their direct claims against Bankhaus after such claims have been satisfied in full through a combination of distributions from Bankhaus and LBHI. The impact of these assigned claims from Bankhaus Creditors (as satisfied) is included herein.
- Estimates of future recoveries related to the Company's remaining general unsecured claims against LBI are calculated based on approximately 25% of face value, an approximation of recent market value.
- Estimates of future recoveries related to the LBIE JV are excluded from the estimates herein. The Company's ultimate recoveries from the LBIE JV are conditioned upon the resolution of a number of complex legal disputes surrounding distributions from LBIE, including (i) the priority of surplus payments to subordinated debt versus post-petition interest to unsecured creditors, (ii) the impact of post-petition interest on currency conversion claims, (iii) the interpretation of LBIE's pre-petition contracts, and (iv) various other legal issues. The Company expects that the actual amounts of future recoveries related to LBIE and the LBIE JV will be material; however, the final outcomes are contingent on a number of factors outside of the Company's direct control and are thus highly uncertain.

**Post-Sixth Distribution Cash Flow Estimates****Operating Disbursements**

The Company estimates that Post-D6 Operating Disbursements will be \$1.0 billion during the Estimated Period.

**Operating Disbursements**

(\$ in millions)	<b>Post-D6 Cash Flow Estimates</b>			
	<b>Oct-Dec 2014</b>	<b>2015</b>	<b>2016 - 2018+</b>	<b>Total</b>
Professional Fees	(47)	(185)	(123)	(355)
Compensation & Benefits	(18)	(109)	(187)	(315)
Incentive Fees	(56)	(44)	(54)	(154)
Outsourced Services & IT	(8)	(23)	(37)	(68)
Other	(5)	(19)	(44)	(68)
<b>Total - Operating Disbursements</b>	<b>(135)</b>	<b>(380)</b>	<b>(445)</b>	<b>(960)</b>

Operating Disbursements include:

- **Professional Fees:** fees paid to third party professional services firms, including legal counsel and other consulting and advisory fees supporting litigation activities, claims mitigation activities, bankruptcy and Plan-related activities, audit and financial-related services, and other administrative activities;
  - **Compensation and Benefits:** personnel expenses including compensation, incentives, benefits, severance, and payroll taxes for employees of the Company (annual bonus and severance payments are typically paid in the beginning of the following calendar year, thus a significant portion of compensation and benefits expenses generally lags one year for cash reporting), as well as fees and expenses paid to A&M for certain staff resources;
  - **Incentive Fees:** estimated formula-based incentive fees for the LBHI Board of Directors and third party professional services firms, including A&M and HLHZ (for purposes of this presentation, incentive fees for the LBHI Board of Directors are recognized upon transfer to the trust);
  - **Outsourced Services (“OS”), IT, and Other:**
    - **OS and IT:** asset management and infrastructure-related expenses, including but not limited to information technology, communications, outsourced asset management service providers, and market data and analytics; and
  - **Other Miscellaneous Expenses:** administrative expenses, such as insurance premiums, occupancy costs, taxes and filing fees, and employee expense reimbursements.
- As part of the Company's post-Effective Date expense management program, the Company continually reviews the utilization of third party professional service providers to optimize both efficiency and execution.
- The estimates herein assume that costs will continue to be incurred to monetize remaining financial assets, resolve outstanding litigations and disputed claims, and to execute the wind-down of operations. As the inventory of remaining assets is reduced, the Company expects that it will continue to focus on the management and resolution of claims, pursuit of outstanding litigations, and administrative wind-down activities. This continued focus is reflected in these Post-D6 Cash Flow Estimates for Compensation & Benefits and Professional Fees for litigation, claims resolution, and wind-down activities.

## Post-Sixth Distribution Cash Flow Estimates

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### Operating Disbursements (continued)

The estimates herein reflect the assumption that the preponderance of asset monetization, collections and claim mitigation activities will be completed by the end of 2018. As the Company cannot definitively specify a date for the final termination of activities, these Post-D6 Cash Flow Estimates include an estimate for residual activities that may extend beyond 2018 (final asset dispositions, resolution of remaining disputed claims, pursuit of outstanding litigations, remaining collections from Non-Controlled Affiliates, corporate entity dissolutions, and financial and tax reporting requirements).

#### *Cost Allocations*

Expenses are allocated to significant Debtor and Debtor-Controlled Entities based on a revised methodology that was implemented as of April 1, 2012 (the “Post-Effective Methodology”). The Company continually reviews the methodology for allocating costs, and adjustments have been reflected in the Post-D6 Cash Flow Estimates.

The Post-Effective Methodology utilized herein categorizes and allocates expenses as follows:

- (i) Costs directly attributable to specific legal entities, such as dedicated staff costs and professional fees associated with assets or legal matters which benefit specific legal entities, are directly assigned to the corresponding legal entities;
- (ii) Costs attributable to the support and management of specific asset portfolios (e.g. Commercial Real Estate, Loans), such as asset management staff, professional fees and technology costs to support the asset portfolios, are allocated to legal entities based on the pro rata ownership of inventory within each asset portfolio;
- (iii) Restructuring costs associated with claims mitigation, distributions, and other bankruptcy-related activities are allocated to Debtor legal entities based on formulas incorporating outstanding unresolved claims and cumulative distributions; and

- (iv) All remaining administrative costs are allocated to legal entities based on formulas incorporating net cash receipts, pro rata ownership of inventory, and outstanding unresolved claims.

The Company has instructed various professionals to invoice their services post-Effective Date by asset, asset portfolio, and/or legal matter such that costs can be directly assigned to the legal entities benefitting from such services; this practice has significantly reduced costs subject to formula-based allocations. In the Post-D6 Cash Flow Estimates herein, 71% of estimated operating disbursements were assigned directly to legal entities based on asset, asset portfolio, or matter-level cost estimates, and the remaining 29% of estimated operating disbursements were allocated to legal entities based on formulas as described in (iii) and (iv) above.

**Post-Sixth Distribution Cash Flow Estimates****VII. Comparison of Post-D6 Cash Flow Estimates (and Prior Period Actual Results) to the 2014+ CFE****Summary**

Total Cash From Operations (April 6, 2014 and beyond) increased by \$1.8 billion to \$21.4 billion as compared to amounts presented in the 2014+ CFE of \$19.6 billion. As described in more detail in the sections to follow, this increase is primarily driven by:

- A \$1.4 billion increase in estimated Recoveries from Non-Controlled Affiliates, primarily driven by the inclusion of the impact of the recent settlements with Bankhaus Creditors; and
- A \$0.4 billion increase in estimated Net Receipts due to positive execution results and increases in estimates in Commercial Real Estate, Loans, Private Equity / Principal Investments and Derivatives.

**Summary**

(\$ in millions)	2014+ CFE			Post-D6 Cash Flow Estimates (incl. Prior Period Actual)			Fav / (Unfav) Variance		
	Prior Period	Estimate Period	Total	Prior Period	Estimate Period	Total	Prior Period	Estimate Period	Total
Net Receipts	2,089	4,400	6,489	2,314	4,537	6,850	225	137	362
Operating Disbursements (a)	(231)	(888)	(1,119)	(180)	(960)	(1,140)	51	(72)	(21)
Recoveries from Non-Controlled Affiliates			14,270	5,483	10,200	15,683			1,413
<b>Total Cash From Operations (CFO)</b>			<b>19,640</b>	<b>7,616</b>	<b>13,777</b>	<b>21,393</b>			<b>1,753</b>

Prior Period: April 6 - October 2, 2014

- (a) Estimated Operating Disbursements include estimated costs related to (i) Affirmative Litigations, the potential recoveries from which are **excluded** from estimated Net Receipts, and (ii) Recoveries from Non-Controlled Affiliates, the timing of which are not provided herein.

## Post-Sixth Distribution Cash Flow Estimates

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### Net Receipts

Total Net Receipts (April 6, 2014 and beyond) increased by \$0.4 billion to \$6.9 billion as compared to Total Net Receipts presented in the 2014+ CFE of \$6.5 billion. Changes by category are described below.

#### **Net Receipts**

(\$ in millions)	2014+ CFE			Post-D6 Cash Flow Estimates (incl. Prior Period Actual)			Fav / (Unfav) Variance		
	Prior Period	Estimate Period	Total	Prior Period	Estimate Period	Total	Prior Period	Estimate Period	Total
	731	1,485	2,216	718	1,556	2,274	(13)	71	58
Commercial Real Estate	397	102	499	344	239	583	(53)	137	84
Loans (Corporate & Residential)	447	2,207	2,653	616	2,130	2,745	169	(77)	92
Private Equity / Principal Investments	494	461	954	593	446	1,039	100	(15)	85
Derivatives	20	146	167	43	167	209	23	20	43
Other									
<b>Total - Net Receipts</b>	<b>2,089</b>	<b>4,400</b>	<b>6,489</b>	<b>2,314</b>	<b>4,537</b>	<b>6,850</b>	<b>225</b>	<b>137</b>	<b>362</b>

Prior Period: April 6 - October 2, 2014

#### **Commercial Real Estate**

Total Net Receipts increased by \$58 million, primarily due to (i) improved real estate market conditions in many of the markets in which real estate assets are owned, and (ii) better than anticipated pricing on impending sales of certain real estate assets which have attracted multiple buyers, partially offset by decreases in estimated net proceeds due to changes in zoning and entitlement assumptions related to certain development projects. Changes in estimates reflect periodic re-underwriting of positions which incorporate exit assumptions in line with recent market trends and comparables as noted above.

Prior Period actual Net Receipts were \$13 million lower than estimated in the 2014+ CFE, primarily due to the timing delay of proceeds on a European real estate asset, partially offset by the acceleration of proceeds on several US and European real estate assets.

#### **Loans (Corporate & Residential)**

Total Net Receipts increased by \$84 million, primarily due to increases in the residential mortgage backed securities portfolio. Prior Period actual Net Receipts were \$53 million lower than estimated in the 2014+ CFE, primarily related to residential mortgage backed securities which have been subsequently received.

#### **Private Equity / Principal Investments**

Total Net Receipts increased by \$92 million, primarily due to increases in realization amounts on select direct positions.

Prior Period actual Net Receipts were \$169 million higher than estimated in the 2014+ CFE, primarily due to accelerated realizations on select direct positions, including Formula One and Kubber Investments (Mauritius) Pvt. Ltd.

#### **Derivatives**

Total Net Receipts increased by \$85 million, primarily driven by settlements on certain Affirmative Litigations previously excluded, including SPVs, and a net increase in other positions as a result of the mediation process.

Prior Period actual Net Receipts were \$100 million higher than estimated in the 2014+ CFE, due to realized gains on Affirmative Litigations previously excluded, better than estimated settlements with various counterparties, and accelerated monetization of previously disputed positions with various counterparties.

**Post-Sixth Distribution Cash Flow Estimates****Operating Disbursements**

Total Operating Disbursements (April 6, 2014 and beyond) increased by \$21 million as compared to Total Operating Disbursements presented in the 2014+ CFE of \$1.1 billion.

Compensation & Benefits increased \$10 million, driven by an anticipated increase in the duration of specialized staff required to manage and execute ongoing and pending litigation and claims mitigation activities. Professional Fees increased by \$9 million, primarily driven by an anticipated increase in the duration of litigation and claims mitigation activities, accompanied by a related increase in fees and expenses for third party professionals, including outside and expert witnesses, involved in those areas. Incentive Fees increased \$7 million as a result of formula-based calculations which incorporate revised estimates of recoveries and timing of recoveries compared to those in the 2014+ CFE. These increases were partially offset by a \$6 million reduction in Outsourced Services and IT, primarily driven by lowered projected payouts of deferred incentive fees to the third party asset manager of the European Commercial Real Estate assets. Refer to the Operating Disbursements section of the Overview of the 2014+ Cash Flow Estimates for further disclosure.

**Operating Disbursements**

(\$ in millions)	2014+ CFE			Post-D6 Cash Flow Estimates (incl. Prior Period Actual)			Fav / (Unfav) Variance		
	Prior Period	Estimate Period	Total	Prior Period	Estimate Period	Total	Prior Period	Estimate Period	Total
Professional Fees	(101)	(334)	(434)	(88)	(355)	(443)	13	(22)	(9)
Compensation & Benefits	(41)	(306)	(347)	(43)	(315)	(357)	(2)	(8)	(10)
Incentive Fees	(59)	(109)	(168)	(21)	(154)	(175)	38	(45)	(7)
Outsourced Services & IT	(21)	(72)	(93)	(19)	(68)	(87)	2	4	6
Other	(10)	(66)	(76)	(10)	(68)	(78)	(0)	(1)	(1)
<b>Total - Operating Disbursements</b>	<b>(231)</b>	<b>(888)</b>	<b>(1,119)</b>	<b>(180)</b>	<b>(960)</b>	<b>(1,140)</b>	<b>51</b>	<b>(72)</b>	<b>(21)</b>

Prior Period: April 6 - October 2, 2014

**Post-Sixth Distribution Cash Flow Estimates****Recoveries from Non-Controlled Affiliates**

Total Estimates of Recoveries from Non-Controlled Affiliates to Debtors and Debtor-Controlled Entities on net intercompany receivables increased by \$1.4 billion to \$15.7 billion compared to amounts shown in the 2014+ CFE. This increase was primarily driven by the inclusion of the estimated impact of recent settlement agreements with Bankhaus Creditors, partially offset by a reduction in both realized and anticipated LBI recoveries due to a reduction in market value since the 2014+ CFE. In addition, estimated Recoveries from Non-Controlled Affiliates reflects other increases and decreases, particularly in Asia and the UK, as a result of enhanced visibility into the underlying assets of certain Non-Controlled Affiliates.

Refer to the Overview of the Post-D6 Cash Flow Estimates section for additional disclosure.

**Recoveries from Non-Controlled Affiliates**

(\$ in millions)	2014+ CFE		Post-D6 Cash Flow Estimates (incl. Prior Period Actual)			Fav / (Unfav) Variance	
	Prior Period	Estimate Period	Total	Prior Period	Estimate Period	Total	Total
		5,483	10,200	14,270	5,483	10,200	15,683
<b>Recov. from Non-Cont. Affiliates</b>							

Prior Period: April 6 - October 2, 2014

**Post-Sixth Distribution Cash Flow Estimates**

## VIII. Analysis of the Post-D6 Cash Flow Estimates by Debtor

### Cash Reconciliation

The table below presents cash activity for the Prior Period, by legal entity. Refer to the Company's Cash Operating Reports for further detail.

**Cash Reconciliation**

(\$ in millions)	<u>LBHI</u>	<u>LCPI</u>	<u>LBSF</u>	<u>Other Debtors</u>	<u>Debtor-Controlled Entities</u>	<u>Total</u>
<b>Beginning Cash Balance, post-D5 - 4/5/2014</b>	(a) \$ 5,401	\$ 422	\$ 2,551	\$ 1,491	\$ 812	\$ 10,677
Plus: Cash From Operations - 4/6/2014 - 10/2/2014	(b) 4,604	378	617	400	1,617	7,616
Less:						
Payments to Non-Controlled Affiliates by Debtor-Controlled Entities	-	-	-	-	(2)	(2)
Distributions to Third Party & Non-Controlled Affiliate Unsec. Creditors	(c) (8,107)	(148)	(424)	(183)	-	(8,862)
Net Intercompany Distributions Received from (Paid to) Controlled Entities	(d) 1,172	(919)	(307)	(204)	257	-
Other cash receipts and disbursements	(18)	13	31	(17)	(1)	9
Other Net Intercompany Receipts / (Payments)	(e) 2,427	725	(473)	(664)	(2,014)	-
<b>Ending Cash Balance, post-D6 - 10/2/2014</b>	<b>\$ 5,479</b>	<b>\$ 471</b>	<b>\$ 1,995</b>	<b>\$ 823</b>	<b>\$ 671</b>	<b>\$ 9,439</b>

- (a) **Cash Balance.** As reported on the 2014+ Cash Flow Estimates. The “Ending Cash Balance, post-D6 – 10/2/2014” for Debtor-Controlled of \$671 million does not include the Aurora cash balance of approximately \$198 million as of October 2, 2014.
- (b) **Cash From Operations – 4/6/2014 – 10/2/2014.** Includes cash receipts related to (i) asset monetization activities, interest, and dividends, (ii) recoveries from Non-Controlled Affiliates, and (iii) other miscellaneous receipts, less non-operating disbursements and operating expenses.
- (c) **Distributions to Third Party and Non-Controlled Affiliate Unsecured Creditors.** Between April 6, 2014 and October 2, 2014, the Debtors distributed approximately \$8.9 billion, net of the return of \$109 million of prior distributions to LBHI from LBIE, to third party unsecured creditors, including Non-Controlled Affiliates.
- (d) **Net Intercompany Distributions Received From (Paid to) Controlled Entities.** Includes (i) distributions to Debtors and Debtor-Controlled Entities on their allowed claims, and (ii) Plan Adjustments transferred from Participating Subsidiary Debtors (as defined in the Plan) to LBHI.
- (e) **Other Net Intercompany Receipts / (Payments).** Includes (i) partial repayments on intercompany balances and dividends from Debtor-Controlled Entities to Debtors (primarily LBHI and LCPI), (ii) payments on post-petition activity, including the reimbursement of allocated costs to LBHI from Debtors and Debtor-Controlled Entities, (iii) remittance of cash collected by certain legal entities on behalf of other legal entities, (iv) a loan of \$560 million from LOTC to LBHI, secured by certain LBHI assets, and (v) investments of \$506 million and \$125 million of LBSF and LBCC's cash reserves, respectively, in secured notes issued by LBHI.

**Post-Sixth Distribution Cash Flow Estimates****LBHI**

Total Cash From Operations, including Prior Period Actuals, increased by \$1.6 billion to \$12.6 billion in the Post-D6 Cash Flow Estimates compared to the estimates included in the 2014+ CFE due to an increase of \$1.5 billion in Recoveries from Non-Controlled Affiliates and an increase of \$0.2 billion in net receipts, partially offset by an increase of \$43 million in operating disbursements.

**LBHI**

(\$ in millions)	Post-D6 Cash Flow Estimates				Comparative to 2014+ CFE				
	Oct-Dec			Total	2014+ CFE	Prior Period Actuals	Post-D6 Cash Flow Estimates	TOTAL Post-D6 incl. Prior Period	Variance Post-D6 vs. 2014+
	2014	2015	2016+						
<b>Net Receipts</b>									
Commercial Real Estate	15	11	60	86	165	86	86	172	7
Loans (Corporate & Residential)	17	94	19	130	88	1	130	131	44
Private Equity / Principal Investments	22	8	0	30	74	68	30	98	25
Derivatives	-	-	-	-	-	-	-	-	-
Other	(6)	99	45	139	34	5	139	143	110
<b>Sub-Total - Net Receipts</b>	<b>48</b>	<b>212</b>	<b>124</b>	<b>385</b>	<b>360</b>	<b>160</b>	<b>385</b>	<b>545</b>	<b>185</b>
Professional Fees	(29)	(107)	(65)	(201)	(243)	(43)	(201)	(244)	(0)
Compensation & Benefits	(10)	(54)	(94)	(158)	(145)	(19)	(158)	(177)	(33)
Incentive Fees	(43)	(33)	(42)	(118)	(122)	(13)	(118)	(131)	(9)
Outsourced Services & IT	(3)	(9)	(16)	(28)	(31)	(3)	(28)	(31)	(0)
Other	(3)	(10)	(22)	(35)	(39)	(4)	(35)	(39)	(0)
<b>Sub-Total - Operating Expenses (a)</b>	<b>(88)</b>	<b>(213)</b>	<b>(238)</b>	<b>(539)</b>	<b>(580)</b>	<b>(83)</b>	<b>(539)</b>	<b>(622)</b>	<b>(43)</b>
Recoveries from Non-Controlled Affiliates				8,147	11,204	4,527	8,147	12,673	1,470
<b>Total Cash From Operations (CFO)</b>	<b>7,992</b>	<b>10,984</b>	<b>4,604</b>	<b>7,992</b>	<b>10,984</b>	<b>4,604</b>	<b>7,992</b>	<b>12,596</b>	<b>1,613</b>
Pre-Petition Intercompany Receipts from Controlled Entities (b)				5,204	7,149	2,148	5,204	7,352	203
Net Post-Petition Intercompany Receipts from / (Payables to) Controlled Entities				(1,312)	431	1,520	(1,312)	208	(223)
Investments in Affiliates				866	1,131	408	866	1,274	143
<b>Total CFO + Intercompany Receipts</b>	<b>12,750</b>	<b>19,694</b>	<b>8,680</b>	<b>12,750</b>	<b>19,694</b>	<b>8,680</b>	<b>12,750</b>	<b>21,430</b>	<b>1,735</b>

Prior Period: April 6 - October 2, 2014

- (a) Estimated Operating Disbursements include estimated costs related to (i) Affirmative Litigations, the potential recoveries from which are **excluded** from estimated Net Receipts, and (ii) Recoveries from Non-Controlled Affiliates, the timing of which are not provided herein.
- (b) Excludes claims against LBHI that were assigned to LBHI from Freddie Mac, Racers and entities that were liquidated.

**Net Receipts**

LBHI collected approximately \$0.2 billion in Net Receipts during the Prior Period. Significant Prior Period monetization activity included the following:

- Commercial Real Estate: Collection of \$84 million from the payoff of a loan related to the sale of a European hotel; and
- Private Equity / Principal Investments: Collection of \$68 million primarily related to sales of investments.

Net Receipts increased by \$0.2 billion to \$0.5 billion in the Post-D6 Cash Flow Estimates, including Prior Period Actuals, due primarily to (i) increases in estimated recoveries related to the resolution of ownership rights on certain residential mortgage backed securities; and (ii) realized gains on the sale of Kubber Investments (Mauritius) Pvt. Ltd. in the Private Equity / Principal Investments portfolio. Increases in Other Net Receipts include variation margin received on foreign currency hedges primarily related to anticipated Recoveries from Non-Controlled Affiliates, which reflect the offsetting foreign currency movements.

## Post-Sixth Distribution Cash Flow Estimates

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### **LBHI (*continued*)**

#### ***Operating Disbursements***

Operating Disbursements increased by \$43 million in the Post-D6 Cash Flow Estimates, including Prior Period Actuals, primarily driven by an increase in compensation costs allocated to LBHI in line with the realignment of internal resources toward the management and execution of intensive ongoing litigation activities, in which LBHI is a significant participating party.

#### ***Recoveries from Non-Controlled Affiliates***

LBHI collected approximately \$4.5 billion related to receivables from Non-Controlled Affiliates in the Prior Period consisting of (i) \$0.5 billion from the sale of general unsecured claims into LBI, (ii) \$1.0 billion from LBI's first general unsecured distribution, (iii) \$1.0 billion from LBAH, (iv) \$0.9 billion of receipts and withheld distributions from UK Financing, and (v) \$1.1 billion from various other Non-Controlled Affiliates.

Recoveries from Non-Controlled Affiliates increased by \$1.5 billion to \$12.7 billion in the Post-D6 Cash Flow Estimates, including Prior Period actuals, primarily driven by the impact of the recent settlements with Bankhaus Creditors.

The Company estimates that during the Estimate Period LBHI will collect approximately \$8.1 billion from Non-Controlled Affiliates, of which the Company estimates that approximately 52% will be collected from LBI, LBAH, LB UK Financing Ltd., and LBF.

#### ***Pre-Petition Intercompany Receipts from Controlled Entities***

Pre-Petition intercompany receipts include recoveries from distributions on Allowed Claims against Debtors (per the Plan) and pre-petition intercompany receivables from Debtor-Controlled Entities. The Company estimates that LBHI will receive approximately \$5.2 billion, including (i) \$2.2 billion from Debtors, and (ii) \$2.7 billion from Debtor-Controlled Entities; primarily LB 1 Group, LB RE Financing No.1, Luxembourg Finance SARL, ARS Holdings II, 314 Commonwealth Ave. Inc., and LB UK Holdings (Delaware) Inc., which collectively represent more than 70% of the aggregate receipts from Debtor-Controlled Entities.

#### ***Net Post-Petition Intercompany Receipts from / (Payables to) Controlled Entities***

Net Post-Petition intercompany receipts include the net settlement of Post-Petition intercompany receivables and payables between and among Debtors and Debtor-Controlled Entities, as described in the October 2014 Balance Sheets and adjusted for (i) net receipts related to the allocation of estimated taxes payable in accordance with the Debtor Allocation Agreement, and (ii) various other items.

Prior period actuals include \$1.3 billion received on loans from LOTC of \$560 million and LBHK Funding (Cayman) No. 1 Limited of \$80 million, LBSF of \$506 million, and LBCC of \$125 million. Post-D6 Cash Flow Estimates reflect the return of funds to these respective entities.

#### ***Investments in Affiliates***

Investments in Affiliates include recoveries from wholly-owned subsidiaries in cases in which the subsidiary's net recoverable assets exceed or are expected to exceed its liabilities. The Company estimates that LBHI will receive approximately \$0.9 billion, primarily from PAMI Holdings, Lehman Brothers Bancorp, Lehman Brothers UK Holdings, and certain entities holding private equity positions

**Post-Sixth Distribution Cash Flow Estimates****LCPI**

Total Cash From Operations, including Prior Period Actuals, increased by \$0.1 billion to \$1.0 billion in the Post-D6 Cash Flow Estimates compared to the estimates included in the 2014+ CFE due to an increase of \$44 million in net receipts, an increase of \$16 million in Recoveries from Non-Controlled Affiliates, and a decrease of \$14 million in operating disbursements.

**LCPI**

(\$ in millions)	Post-D6 Cash Flow Estimates				Comparative to 2014+ CFE				
	Oct-Dec			Total	2014+ CFE	Prior Period Actuals	Post-D6 Cash Flow Estimates	TOTAL Post-D6 incl. Prior Period	Variance Post-D6 vs. 2014+
	2014	2015	2016+						
<b>Net Receipts</b>									
Commercial Real Estate	51	385	53	489	575	135	489	624	49
Loans (Corporate & Residential)	5	43	0	48	247	195	48	243	(4)
Private Equity / Principal Investments	86	37	2	125	134	15	125	140	6
Derivatives	-	-	-	-	-	-	-	-	-
Other	2	7	2	11	37	20	11	31	(6)
<b>Sub-Total - Net Receipts</b>	<b>144</b>	<b>472</b>	<b>57</b>	<b>673</b>	<b>994</b>	<b>365</b>	<b>673</b>	<b>1,038</b>	<b>44</b>
Professional Fees	(5)	(10)	(6)	(21)	(27)	(8)	(21)	(28)	(1)
Compensation & Benefits	(2)	(7)	(9)	(18)	(33)	(6)	(18)	(24)	9
Incentive Fees	(7)	(5)	(6)	(18)	(21)	(3)	(18)	(21)	0
Outsourced Services & IT	(2)	(2)	(3)	(7)	(19)	(6)	(7)	(14)	5
Other	(0)	(0)	(1)	(1)	(4)	(1)	(1)	(3)	1
<b>Sub-Total - Operating Expenses (a)</b>	<b>(16)</b>	<b>(24)</b>	<b>(25)</b>	<b>(65)</b>	<b>(104)</b>	<b>(25)</b>	<b>(65)</b>	<b>(90)</b>	<b>14</b>
Recoveries from Non-Controlled Affiliates				45	66	38	45	83	16
<b>Total Cash From Operations (CFO)</b>				<b>653</b>	<b>956</b>	<b>378</b>	<b>653</b>	<b>1,031</b>	<b>75</b>
Pre-Petition Intercompany Receipts from Controlled Entities (b)				727	1,041	332	727	1,059	18
Net Post-Petition Intercompany Receipts from / (Payables to) Controlled Entities				160	258	138	160	298	40
Investments in Affiliates				799	999	283	799	1,082	83
<b>Total CFO + Intercompany Receipts</b>				<b>2,338</b>	<b>3,254</b>	<b>1,131</b>	<b>2,338</b>	<b>3,469</b>	<b>215</b>

Prior Period: April 6 - October 2, 2014

- (a) Estimated Operating Disbursements include estimated costs related to (i) Affirmative Litigations, the potential recoveries from which are **excluded** from estimated Net Receipts, and (ii) Recoveries from Non-Controlled Affiliates, the timing of which are not provided herein.
- (b) Excludes claims from certain entities that were liquidated and assigned their claims to LCPI.

**Net Receipts**

LCPI collected approximately \$0.4 billion in Net Receipts during the Prior Period. Significant Prior Period monetization activity included:

- Loans: \$176 million related to the repayment of Endemol debt instruments; and
- Commercial Real Estate: \$84 million from the sale of debt and equity positions in New Day, a portfolio of European hotels;

Net Receipts increased by \$44 million to \$1.0 billion in the Post-D6 Cash Flow Estimates, including Prior Period Actuals, due primarily to better than previously estimated pricing on pending sales of certain real estate assets which have attracted multiple buyers.

**Post-Sixth Distribution Cash Flow Estimates**

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**LCPI (*continued*)**

***Operating Disbursements***

Operating Disbursements decreased by \$14 million in the Post-D6 Cash Flow Estimates, including Prior Period Actuals, primarily driven by the acceleration of monetization activity in the Commercial Real Estate and Loans portfolios, and the related decreases in compensation and infrastructure costs for the specialized staff managing these portfolios.

***Investments in Affiliates***

Investments in Affiliates include recoveries from wholly-owned subsidiaries in cases in which the subsidiary's net recoverable assets exceed or are expected to exceed its liabilities. The Company estimates that LCPI will receive approximately \$0.8 billion, primarily from Property Asset Management Inc. and LCPI Properties Inc.

***Pre-Petition Intercompany Receipts from Controlled Entities***

Pre-Petition intercompany receipts include recoveries from distributions on Allowed Claims against Debtors (per the Plan) and pre-petition intercompany receivables from Debtor-Controlled Entities. The Company estimates that LCPI will receive approximately \$0.7 billion, primarily from Lehman ALI Inc. and LBCC.

***Net Post-Petition Intercompany Receipts from / (Payables to) Controlled Entities***

Estimated net Post-Petition intercompany receipts at LCPI primarily includes receipts from LB 1 Group for financial inventory encumbered to LCPI, partially offset by payments to LCPI Properties Inc. and LBHI related to the allocation of estimated taxes in accordance with the Debtor Allocation Agreement.

**Post-Sixth Distribution Cash Flow Estimates****LBSF**

Total Cash From Operations, including Prior Period Actuals, increased by \$0.1 billion to \$0.9 billion in the Post-D6 Cash Flow Estimates compared to the estimates included in the 2014+ CFE due to an increase of \$19 million in net receipts and an increase of \$126 million in Recoveries from Non-Controlled Affiliates.

**LBSF**

(\$ in millions)	<b>Post-D6 Cash Flow Estimates</b>				<b>Comparative to 2014+ CFE</b>			
					<b>Post-D6 Cash Flow Estimates</b>			
	Oct-Dec 2014	2015	2016+	Total	2014+ CFE	Prior Period Actuals	Post-D6 Cash Flow Estimates	TOTAL Post-D6 incl. Prior Period
<b>Net Receipts</b>								
Commercial Real Estate	-	-	-	-	-	-	-	-
Loans (Corporate & Residential)	-	0	-	0	13	9	0	9
Private Equity / Principal Investments	-	-	-	-	-	-	-	-
Derivatives	81	301	1	382	875	575	382	957
Other	2	2	6	10	83	14	10	24
<b>Sub-Total - Net Receipts</b>	<b>82</b>	<b>303</b>	<b>7</b>	<b>392</b>	<b>971</b>	<b>598</b>	<b>392</b>	<b>991</b>
Professional Fees	(11)	(56)	(43)	(110)	(130)	(25)	(110)	(135)
Compensation & Benefits	(3)	(28)	(52)	(84)	(101)	(9)	(84)	(93)
Incentive Fees	(5)	(4)	(5)	(14)	(13)	(3)	(14)	(16)
Outsourced Services & IT	(2)	(9)	(12)	(23)	(30)	(6)	(23)	(29)
Other	(1)	(4)	(13)	(17)	(17)	(1)	(17)	(18)
<b>Sub-Total - Operating Expenses (a)</b>	<b>(23)</b>	<b>(100)</b>	<b>(125)</b>	<b>(248)</b>	<b>(290)</b>	<b>(44)</b>	<b>(248)</b>	<b>(292)</b>
Recoveries from Non-Controlled Affiliates				166	103	63	166	229
<b>Total Cash From Operations (CFO)</b>	<b>310</b>	<b>784</b>	<b>617</b>	<b>310</b>	<b>927</b>	<b>927</b>	<b>144</b>	
Pre-Petition Intercompany Receipts from Controlled Entities				128	219	140	128	268
Net Post-Petition Intercompany Receipts from / (Payables to) Controlled Entities				578	60	(566)	578	12
Investments in Affiliates				-	-	-	-	-
<b>Total CFO + Intercompany Receipts</b>	<b>1,016</b>	<b>1,063</b>	<b>191</b>	<b>1,016</b>	<b>1,207</b>	<b>1,207</b>	<b>144</b>	

Prior Period: April 6 - October 2, 2014

- (a) Estimated Operating Disbursements include estimated costs related to (i) Affirmative Litigations, the potential recoveries from which are **excluded** from estimated Net Receipts, and (ii) Recoveries from Non-Controlled Affiliates, the timing of which are not provided herein.

**Net Receipts**

LBSF collected approximately \$0.6 billion in Net Receipts during the Prior Period. Prior Period monetization activity primarily included collections from settlements with various Derivatives counterparties, half of which were related to various SPV matters.

Net Receipts of \$1.0 billion are virtually flat to the 2014+ Cash Flow Estimates, including Prior Period Actuals. The increase of \$82 million in Derivatives is primarily driven by settlements on certain Affirmative Litigations previously excluded, including SPVs, and a net increase in other positions as a result of the mediation process. The reduction of \$59 million in Other primarily reflects the reclassification of estimates related to certain claims to "Recoveries from Non-Controlled Affiliates."

**Post-Sixth Distribution Cash Flow Estimates**

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**LBSF (*continued*)**

***Operating Disbursements***

Operating Disbursements increased by \$2 million in the Post-D6 Cash Flow Estimates, including Prior Period Actuals, driven by an anticipated increase in the volume and intensity of litigation and claims mitigation activities, accompanied by related increases in fees for third-party professionals, including outside counsel and advisors, and offset by a decrease in compensation costs related to the realignment of certain specialized internal resources toward the management and execution of intensive ongoing litigation activities, in which LBHI and other entities are significant participating parties.

***Net Post-Petition Intercompany Receipts from / (Payables to) Controlled Entities***

Net Post-Petition intercompany receipts include the net settlement of Post-Petition intercompany receivables and payables between and among Debtors and Debtor-Controlled Entities.

Prior Period actuals include investment of \$506 million of LBSF's cash reserves for disputed claims.

***Recoveries from Non-Controlled Affiliates***

LBSF collected \$63 million during the Prior Period and the Company estimates that LBSF will collect an additional \$166 million during the Estimate Period, primarily related to LBT.

Recoveries from Non-Controlled Affiliates increased by \$126 million to \$229 million, primarily related to recoveries from LBT, and the reclassification of estimates related to certain claims from Other.

***Pre-Petition Intercompany Receipts from Controlled Entities***

Pre-Petition intercompany receipts include recoveries from distributions on Allowed Claims against Debtors (per the Plan) and pre-petition intercompany receivables from Debtor-Controlled Entities. The Company estimates that LBSF will receive approximately \$0.1 billion, primarily from Debtors.

**Post-Sixth Distribution Cash Flow Estimates**

**Other Debtors**

(\$ in millions)	Post-D6 Cash Flow Estimates						Comparative to 2014+ CFE					
				Recoveries from Non-Controlled Affiliates	Total CFO	Intercompany Receipts from Controlled, net	Total	2014+ CFE, as adjusted	Prior Period	Post-D6 Cash Flow Estimates	TOTAL Post-D6 incl. Prior Period	Variance Post-D6 vs. 2014+
	Oct-Dec 2014	2015	2016+						Actuals	Estimates	Prior Period	
LOTC	0	0	0	14	15	624	638	172	(493)	638	146	(27)
LBCC	(0)	(0)	(2)	195	192	150	342	404	76	342	418	15
LBCS	(0)	11	(3)	179	187	40	227	399	158	227	385	(14)
Lux Resi	-	-	-	-	-	2	2	(3)	(0)	2	2	5
LBFP	(0)	(0)	(0)	0	(0)	28	28	11	(9)	28	19	8
Merit LLC	(0)	27	3	21	50	0	50	64	4	50	54	(10)
LBDP	(0)	(0)	(0)	0	(0)	24	23	(2)	(9)	23	15	17
Other Debtors	(0)	(1)	(0)	2	0	131	132	136	33	132	164	28
<b>Total - Other Debtors</b>	<b>(1)</b>	<b>36</b>	<b>(2)</b>	<b>410</b>	<b>444</b>	<b>999</b>	<b>1,442</b>	<b>1,180</b>	<b>(239)</b>	<b>1,442</b>	<b>1,203</b>	<b>23</b>

Prior Period: April 6 - October 2, 2014

**LOTC**

Post-D6 Cash Flow Estimates primarily includes receipt of \$560 million from LBHI and \$77 million related to the pay-down of the PIK note from Lehman ALI and monetization of the remaining recoveries from LBI.

Prior Period Actuals includes the \$560 million loan to LBHI, and collections on Derivative assets and other intercompany receipts.

Total cash receipts decreased by approximately \$27 million primarily related to a decrease in recovery for LBI.

**LBCC**

Post-D6 Cash Flow Estimates primarily includes approximately \$195 million in cash receipts from Non-Controlled Affiliates, primarily related to LBI, and \$125 million loan repayment from LBHI related to its investment made during the Prior Period.

**LBCS**

Post-D6 Cash Flow Estimates primarily includes receipts from LBI.

**Post-Sixth Distribution Cash Flow Estimates****Debtor-Controlled Entities****Debtor-Controlled Entities**

(\$ in millions)	<b>Post-D6 Cash Flow Estimates</b>				<b>Comparative to 2014+ CFE</b>					
	<b>Oct-Dec</b>			<b>Total</b>	<b>2014+ CFE, as adjusted</b>		<b>Prior Period Actuals</b>	<b>Post-D6 Cash Flow Estimates</b>	<b>TOTAL Post-D6 incl. Prior Period</b>	<b>Variance Post-D6 vs. 2014+</b>
	<b>2014</b>	<b>2015</b>	<b>2016+</b>		<b>2014+ CFE, as adjusted</b>	<b>Prior Period Actuals</b>				
<b>Net Receipts</b>										
Commercial Real Estate	85	885	11	<b>981</b>	1,476	497	981	1,478	2	
Loans (Corporate & Residential)	1	47	14	<b>61</b>	151	138	61	199	48	
Private Equity / Principal Investments	275	997	702	<b>1,975</b>	2,448	533	1,975	2,508	60	
Derivatives	2	2	4	<b>8</b>	5	-	8	8	3	
Other	2	2	0	<b>3</b>	5	1	3	4	(0)	
<b>Sub-Total - Net Receipts</b>	<b>364</b>	<b>1,932</b>	<b>731</b>	<b>3,028</b>	<b>4,084</b>	<b>1,169</b>	<b>3,028</b>	<b>4,197</b>	<b>113</b>	
Professional Fees	(1)	(8)	(7)	<b>(17)</b>	(19)	(9)	(17)	(25)	(7)	
Compensation & Benefits	(3)	(16)	(25)	<b>(44)</b>	(59)	(7)	(44)	(51)	8	
Incentive Fees	-	-	-	<b>-</b>	(0)	(0)	-	(0)	(0)	
Outsourced Services & IT	(1)	(3)	(4)	<b>(8)</b>	(11)	(3)	(8)	(10)	1	
Other	(1)	(4)	(8)	<b>(13)</b>	(15)	(3)	(13)	(16)	(1)	
<b>Sub-Total - Operating Expenses (a)</b>	<b>(5)</b>	<b>(32)</b>	<b>(44)</b>	<b>(81)</b>	<b>(104)</b>	<b>(21)</b>	<b>(81)</b>	<b>(102)</b>	<b>1</b>	
Recoveries from Non-Controlled Affiliates				<b>1,433</b>	2,042	469	1,433	1,902	(141)	
<b>Total Cash From Operations (CFO)</b>				<b>4,379</b>	<b>6,022</b>	<b>1,617</b>	<b>4,379</b>	<b>5,996</b>	<b>(26)</b>	
Pre-Petition Intercompany Receipts from Debtors				780	1,273	501	780	1,281	7	
Net Post-Petition Intercompany Receipts from / (Payables to) Debtors				(307)	(877)	(404)	(307)	(711)	166	
Investments in Affiliates (Debtors only)				392	408	(15)	392	377	(31)	
<b>Total CFO + Intercompany Receipts</b>				<b>5,244</b>	<b>6,827</b>	<b>1,699</b>	<b>5,244</b>	<b>6,943</b>	<b>116</b>	

Prior Period: April 6 - October 2, 2014

- (a) Estimated Operating Disbursements include estimated costs related to (i) Affirmative Litigations, the potential recoveries from which are **excluded** from estimated Net Receipts, and (ii) Recoveries from Non-Controlled Affiliates, the timing of which are not provided herein.

**Net Receipts**

Debtor-Controlled Entities collected approximately \$1.2 billion in Net Receipts during the Prior Period. Significant Prior period monetization activity included:

- Private Equity / Principal Investments: \$425 million from the sale of and distributions from a portfolio of general partnership and limited partnership interests in private equity and hedge funds, and a \$151 million Non-Operating Disbursement related to the Company's pro rata investment in First Data Corp's \$3.5 billion common equity private placement
- Commercial Real Estate: \$286 million from the sale of two West Coast land assets, Marblehead and Oak Knoll; and

- Loans: \$60 million from the sale of Houghton Mifflin Harcourt common stock

Net Receipts increased by \$0.1 billion to \$4.2 billion in the Post-D6 Cash Flow Estimates, including Prior Period Actuals, primarily due to the transfer of certain Loans assets from LCPI to a Debtor-Controlled Entity, and increased estimated receipts related to certain assets in the Loans and Private Equity / Principal Investments portfolio.

## Post-Sixth Distribution Cash Flow Estimates

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### **Debtor-Controlled Entities (*continued*)**

#### ***Operating Disbursements***

Operating Disbursements decreased by \$1 million in the Post-D6 Cash Flow Estimates, including Prior Period Actuals. This reduction reflects a decrease in anticipated Compensation costs driven by accelerated asset monetization activity, partially offset by an increase in Professional Fees.

#### ***Recoveries from Non-Controlled Affiliates***

Debtor-Controlled Entities collected approximately \$0.5 billion from Non-Controlled Affiliates in the Prior Period, including (i) \$0.1 billion from LBAH, (ii) \$0.1 billion from LB UK RE, and (iii) \$0.1 billion from LBI.

Recoveries to Debtor-Controlled Entities from Non-Controlled Affiliates decreased by \$0.1 billion to \$1.9 billion in the Post-D6 Cash Flow Estimates, including Prior Period Actuals, primarily driven by decreases in estimates related to UK affiliates as a result of enhanced visibility into the underlying assets and foreign exchange movements.

The Company estimates that Debtor-Controlled Entities will collect during the Estimate Period approximately \$1.4 billion, of which approximately 69% is estimated to be collected from various UK Affiliates.

#### ***Pre-Petition Intercompany Receipts from Controlled Entities***

Pre-Petition intercompany receipts include recoveries from distributions on Allowed Claims against Debtors (per the Plan). The Company estimates that Debtor-Controlled Entities will receive approximately \$0.8 billion, primarily driven by LB Re Financing No. 2 Limited and Lehman ALI's allowed affiliate claims against LBHI.

#### ***Net Post-Petition Intercompany Receipts from / (Payables to) Controlled Entities***

Net Post-Petition intercompany receipts include the net settlement of Post-Petition intercompany receivables and payables between Debtors and Debtor-Controlled Entities adjusted for net receipts related to the allocation of taxes in accordance with the Debtor Allocation Agreement and other items.

The Company estimates that Debtor-Controlled Entities will make net payments to Debtors of approximately \$0.3 billion during the Estimate Period, primarily to LCPI.

#### ***Investments in Affiliates***

Investments in Affiliates include recoveries from wholly-owned subsidiaries in cases in which the subsidiary's net recoverable assets exceed its liabilities.

The Company estimates that Debtor-Controlled Entities will recover approximately \$0.4 billion through Investments in Affiliates, primarily driven by LBDP and LBFP.

**Post-Sixth Distribution Cash Flow Estimates**

## IX. Post-D6 Cash Flow Estimates

<b>Grand Total</b>					
<b>Cash Flow Estimates</b>					
(\$ in millions)					
	<b>LBHI</b>	<b>LCPI</b>	<b>LBSF</b>	<b>Other Debtors</b>	<b>Debtor- Controlled</b>
<b>Gross Receipts</b>					
Commercial Real Estate	86	525	-	-	1,054
Loans (Corporate & Residential)	133	48	0	-	61
Private Equity / Principal Investments	30	125	-	-	1,979
Derivatives	-	-	382	56	8
Other	139	11	10	3	3
<b>Gross Receipts, Total</b>	<b>388</b>	<b>709</b>	<b>392</b>	<b>59</b>	<b>3,105</b>
<b>Non-Operating Disbursements</b>					
Commercial Real Estate	(0)	(36)	-	-	(73)
Loans (Corporate & Residential)	(2)	-	-	-	(2)
Private Equity / Principal Investments	-	-	-	-	(4)
Derivatives	-	-	-	-	-
Other	(0)	-	-	-	(0)
<b>Non-Operating Disbursements, Total</b>	<b>(3)</b>	<b>(36)</b>	<b>-</b>	<b>-</b>	<b>(77)</b>
<b>Net Receipts</b>	<b>385</b>	<b>673</b>	<b>392</b>	<b>59</b>	<b>3,028</b>
<b>Operating Disbursements</b>					
Professional Fees	(201)	(21)	(110)	(8)	(17)
Compensation & Benefits	(158)	(18)	(84)	(11)	(44)
Incentive Fees	(118)	(18)	(14)	(4)	-
Outsourced Services & IT	(28)	(7)	(23)	(2)	(68)
Other	(35)	(1)	(17)	(1)	(13)
<b>Operating Disbursements, Total</b>	<b>(539)</b>	<b>(65)</b>	<b>(248)</b>	<b>(26)</b>	<b>(81)</b>
Recoveries from Non-Controlled Affiliates	8,147	45	166	410	1,433
<b>Total Cash From Operations</b>	<b>7,992</b>	<b>653</b>	<b>310</b>	<b>444</b>	<b>4,379</b>
Pre-Petition Intercompany Receipts from Controlled Entities	5,204	727	128	118	780
Net Post-Petition Intercompany Receipts from / (Payables to) Controlled Entities	(1,312)	160	578	881	(307)
Investments in Affiliates	866	799	-	-	392
<b>Total Cash From Operations + Intercompany Receipts</b>	<b>12,750</b>	<b>2,338</b>	<b>1,016</b>	<b>1,442</b>	<b>5,244</b>

**Post-Sixth Distribution Cash Flow Estimates**

**Lehman Brothers Holdings Inc. ("LBHI")**

**Cash Flow Estimates**

*(\$ in millions)*

	<b>Oct-Dec 2014</b>	<b>2015</b>	<b>Beyond 2015</b>	<b>Total Estimates</b>
<b>Gross Receipts</b>				
Commercial Real Estate	15	11	60	86
Loans (Corporate & Residential)	20	94	19	133
Private Equity / Principal Investments	22	8	0	30
Derivatives	-	-	-	-
Other	(5)	99	45	139
<b>Gross Receipts, Total</b>	<b>51</b>	<b>212</b>	<b>124</b>	<b>388</b>
<b>Non-Operating Disbursements</b>				
Commercial Real Estate	(0)	-	-	(0)
Loans (Corporate & Residential)	(2)	-	-	(2)
Private Equity / Principal Investments	-	-	-	-
Derivatives	-	-	-	-
Other	(0)	-	-	(0)
<b>Non-Operating Disbursements, Total</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>(3)</b>
<b>Net Receipts</b>	<b>48</b>	<b>212</b>	<b>124</b>	<b>385</b>
<b>Operating Disbursements</b>				
Professional Fees	(29)	(107)	(65)	(201)
Compensation & Benefits	(10)	(54)	(94)	(158)
Incentive Fees	(43)	(33)	(42)	(118)
Outsourced Services & IT	(3)	(9)	(16)	(28)
Other	(3)	(10)	(22)	(35)
<b>Operating Disbursements, Total</b>	<b>(88)</b>	<b>(213)</b>	<b>(238)</b>	<b>(539)</b>
Recoveries from Non-Controlled Affiliates				8,147
<b>Total Cash From Operations</b>				<b>7,992</b>
Pre-Petition Intercompany Receipts from Controlled Entities				5,204
Net Post-Petition Intercompany Receipts from / (Payables to) Controlled Entities				(1,312)
Investments in Affiliates				866
<b>Total Cash From Operations + Intercompany Receipts</b>				<b>12,750</b>

**Post-Sixth Distribution Cash Flow Estimates**

**Lehman Commercial Paper Inc. ("LCPI")**  
**Cash Flow Estimates**  
*( $\$$  in millions)*

	Oct-Dec 2014	2015	Beyond 2015	Total Estimates
<b>Gross Receipts</b>				
Commercial Real Estate	55	384	85	525
Loans (Corporate & Residential)	5	43	0	48
Private Equity / Principal Investments	86	37	2	125
Derivatives	-	-	-	-
Other	2	7	2	11
<b>Gross Receipts, Total</b>	<b>148</b>	<b>471</b>	<b>89</b>	<b>709</b>
<b>Non-Operating Disbursements</b>				
Commercial Real Estate	(4)	1	(32)	(36)
Loans (Corporate & Residential)	-	-	-	-
Private Equity / Principal Investments	-	-	-	-
Derivatives	-	-	-	-
Other	-	-	-	-
<b>Non-Operating Disbursements, Total</b>	<b>(4)</b>	<b>1</b>	<b>(32)</b>	<b>(36)</b>
<b>Net Receipts</b>	<b>144</b>	<b>472</b>	<b>57</b>	<b>673</b>
<b>Operating Disbursements</b>				
Professional Fees	(5)	(10)	(6)	(21)
Compensation & Benefits	(2)	(7)	(9)	(18)
Incentive Fees	(7)	(5)	(6)	(18)
Outsourced Services & IT	(2)	(2)	(3)	(7)
Other	(0)	(0)	(1)	(1)
<b>Operating Disbursements, Total</b>	<b>(16)</b>	<b>(24)</b>	<b>(25)</b>	<b>(65)</b>
Recoveries from Non-Controlled Affiliates				45
<b>Total Cash From Operations</b>				<b>653</b>
Pre-Petition Intercompany Receipts from Controlled Entities				727
Net Post-Petition Intercompany Receipts from / (Payables to) Controlled Entities				160
Investments in Affiliates				799
<b>Total Cash From Operations + Intercompany Receipts</b>				<b>2,338</b>

**Post-Sixth Distribution Cash Flow Estimates**

**Lehman Brothers Special Financing Inc. ("LBSF")**

**Cash Flow Estimates**

*(\$ in millions)*

	<b>Oct-Dec 2014</b>	<b>2015</b>	<b>Beyond 2015</b>	<b>Total Estimates</b>
<b>Gross Receipts</b>				
Commercial Real Estate	-	-	-	-
Loans (Corporate & Residential)	-	0	-	0
Private Equity / Principal Investments	-	-	-	-
Derivatives	81	301	1	382
Other	2	2	6	10
<b>Gross Receipts, Total</b>	<b>82</b>	<b>303</b>	<b>7</b>	<b>392</b>
<b>Non-Operating Disbursements</b>				
Commercial Real Estate	-	-	-	-
Loans (Corporate & Residential)	-	-	-	-
Private Equity / Principal Investments	-	-	-	-
Derivatives	-	-	-	-
Other	-	-	-	-
<b>Non-Operating Disbursements, Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Receipts</b>	<b>82</b>	<b>303</b>	<b>7</b>	<b>392</b>
<b>Operating Disbursements</b>				
Professional Fees	(11)	(56)	(43)	(110)
Compensation & Benefits	(3)	(28)	(52)	(84)
Incentive Fees	(5)	(4)	(5)	(14)
Outsourced Services & IT	(2)	(9)	(12)	(23)
Other	(1)	(4)	(13)	(17)
<b>Operating Disbursements, Total</b>	<b>(23)</b>	<b>(100)</b>	<b>(125)</b>	<b>(248)</b>
Recoveries from Non-Controlled Affiliates				166
<b>Total Cash From Operations</b>				<b>310</b>
Pre-Petition Intercompany Receipts from Controlled Entities				128
Net Post-Petition Intercompany Receipts from / (Payables to) Controlled Entities				578
Investments in Affiliates				-
<b>Total Cash From Operations + Intercompany Receipts</b>				<b>1,016</b>

**Post-Sixth Distribution Cash Flow Estimates**

**Other Debtors (excluding LBHI, LCPI, and LBSF)**

**Cash Flow Estimates**

*(\$ in millions)*

	<u>Oct-Dec 2014</u>	<u>2015</u>	<u>Beyond 2015</u>	<u>Total Estimates</u>
<b>Gross Receipts</b>				
Commercial Real Estate	-	-	-	-
Loans (Corporate & Residential)	-	-	-	-
Private Equity / Principal Investments	-	-	-	-
Derivatives	1	46	9	56
Other	1	2	1	3
<b>Gross Receipts, Total</b>	<b>2</b>	<b>47</b>	<b>10</b>	<b>59</b>
<b>Non-Operating Disbursements</b>				
Commercial Real Estate	-	-	-	-
Loans (Corporate & Residential)	-	-	-	-
Private Equity / Principal Investments	-	-	-	-
Derivatives	-	-	-	-
Other	-	-	-	-
<b>Non-Operating Disbursements, Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Receipts</b>	<b>2</b>	<b>47</b>	<b>10</b>	<b>59</b>
<b>Operating Disbursements</b>				
Professional Fees	(1)	(5)	(2)	(8)
Compensation & Benefits	(0)	(4)	(7)	(11)
Incentive Fees	(2)	(1)	(1)	(4)
Outsourced Services & IT	(0)	(1)	(1)	(2)
Other	(0)	(0)	(0)	(1)
<b>Operating Disbursements, Total</b>	<b>(3)</b>	<b>(11)</b>	<b>(12)</b>	<b>(26)</b>
Recoveries from Non-Controlled Affiliates				410
<b>Total Cash From Operations</b>				<b>444</b>
Pre-Petition Intercompany Receipts from Controlled Entities				118
Net Post-Petition Intercompany Receipts from / (Payables to) Controlled Entities				881
Investments in Affiliates				-
<b>Total Cash From Operations + Intercompany Receipts</b>				<b>1,442</b>

**Post-Sixth Distribution Cash Flow Estimates**

<b>Total Debtor-Controlled Entities</b>				
<b>Cash Flow Estimates</b>				
<i>(<i>\$ in millions</i>)</i>				
	<b>Oct-Dec 2014</b>	<b>2015</b>	<b>Beyond 2015</b>	<b>Total Estimates</b>
<b>Gross Receipts</b>				
Commercial Real Estate	114	926	15	1,054
Loans (Corporate & Residential)	1	47	14	61
Private Equity / Principal Investments	279	997	702	1,979
Derivatives	2	2	4	8
Other	2	2	0	3
<b>Gross Receipts, Total</b>	<b>397</b>	<b>1,973</b>	<b>735</b>	<b>3,105</b>
<b>Non-Operating Disbursements</b>				
Commercial Real Estate	(29)	(40)	(4)	(73)
Loans (Corporate & Residential)	-	-	-	-
Private Equity / Principal Investments	(4)	-	-	(4)
Derivatives	-	-	-	-
Other	(0)	-	-	(0)
<b>Non-Operating Disbursements, Total</b>	<b>(33)</b>	<b>(40)</b>	<b>(4)</b>	<b>(77)</b>
<b>Net Receipts</b>	<b>364</b>	<b>1,932</b>	<b>731</b>	<b>3,028</b>
<b>Operating Disbursements</b>				
Professional Fees	(1)	(8)	(7)	(17)
Compensation & Benefits	(3)	(16)	(25)	(44)
Incentive Fees	-	-	-	-
Outsourced Services & IT	(1)	(3)	(4)	(8)
Other	(1)	(4)	(8)	(13)
<b>Operating Disbursements, Total</b>	<b>(5)</b>	<b>(32)</b>	<b>(44)</b>	<b>(81)</b>
Recoveries from Non-Controlled Affiliates				1,433
<b>Total Cash From Operations</b>				<b>4,379</b>
Pre-Petition Intercompany Receipts from Controlled Entities				780
Net Post-Petition Intercompany Receipts from / (Payables to) Controlled Entities				(307)
Investments in Affiliates				392
<b>Total Cash From Operations + Intercompany Receipts</b>				<b>5,244</b>

**Post-Sixth Distribution Cash Flow Estimates**

## X. Reconciliation of Post-D6 Cash Flow Estimates to October 2, 2014 Balance Sheets

This schedule reconciles amounts disclosed in “Financial Instruments and Other Inventory Positions” in the October 2014 Balance Sheets to Gross Receipts reflected in the Post-D6 Cash Flow Estimates for Commercial Real Estate, Loans, Private Equity / Principal Investments, and Derivatives.

(\$ in millions)							
	LBHI	LBSF	LCPI	Other Debtors	Total Debtors	Total Debtor- Controlled Entities	TOTAL LBHI- Controlled Entities
<b>Commercial Real Estate</b>							
Amounts per October 2014 Balance Sheets	35	-	506	-	541	1,001	1,542
Open Receivables	(a) 51	0	0	-	51	10	61
Open Payables	-	-	(17)	-	(17)	(32)	(49)
OTHER	(0)	-	0	-	0	2	2
<b>Estimated Net Receipts, per Post-D6 Cash Flow Estimates</b>	<b>86</b>	<b>-</b>	<b>489</b>	<b>-</b>	<b>575</b>	<b>981</b>	<b>1,556</b>
<b>Loans (Corporate and Residential)</b>							
Amounts per October 2014 Balance Sheets	129	0	50	-	179	60	239
Cash Flows from Interest Income and Fees	-	-	-	-	-	-	-
Adjustment 2	-	-	-	-	-	-	-
OTHER	1	(0)	(2)	-	(1)	1	(0)
<b>Estimated Net Receipts, per Post-D6 Cash Flow Estimates</b>	<b>130</b>	<b>0</b>	<b>48</b>	<b>-</b>	<b>178</b>	<b>61</b>	<b>239</b>
<b>Private Equity / Principal Investments</b>							
Amounts per October 2014 Balance Sheets	9	-	125	-	133	1,918	2,052
Cash Flows from Interest Income and Fees	-	-	-	-	-	-	-
Open Receivables	(a) 22	-	-	-	22	56	78
OTHER	(0)	-	0	-	(0)	0	0
<b>Estimated Net Receipts, per Post-D6 Cash Flow Estimates</b>	<b>30</b>	<b>-</b>	<b>125</b>	<b>-</b>	<b>155</b>	<b>1,975</b>	<b>2,130</b>
<b>Derivatives</b>							
Amounts per October 2014 Balance Sheets	-	382	-	56	438	8	446
Adjustment 1	-	-	-	-	-	-	-
Adjustment 2	-	-	-	-	-	-	-
OTHER	-	(0)	-	(0)	(0)	0	(0)
<b>Estimated Net Receipts, per Post-D6 Cash Flow Estimates</b>	<b>-</b>	<b>382</b>	<b>-</b>	<b>56</b>	<b>438</b>	<b>8</b>	<b>446</b>

- (a) Open Receivables includes the remaining proceeds expected to be received in future periods for positions sold as of June 30, 2014; these balances were recorded as receivables in the Company’s quarterly Balance Sheet disclosures.